

Message Text

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TO AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: BDIS, YO

SUBJECT: TRADE DISPUTE; OUTBOARD MARINE-ADRIA

REF: HARTLEY-JOHNSON O-I, JANUARY 15; WEBSTER-WALLER
LETTER, SEPTEMBER 16.

1. DEPARTMENT OFFICERS SPOKE WITH TWO MEMBERS OF CLEARY,
GOTTLIEB,STEEN AND HAMILTON (CGSH) LAW FIRM ON OCTOBER
24 REGARDING THIS TRADE COMPLAINT.

2. REVIEWING DEVELOPMENTS IN THIS CASE, CGSH REPRESENTATIVES NOTED THAT FIRM AND OUTBOARD MARINE CONTINUE TO NEED INFORMATION ON DISPOSITION OF ADRIA'S ACCOUNTS RECEIVABLE AND ON AMOUNT WHICH YUGOSLAV INVESTMENT AND CREDIT BANK HAS RECEIVED FROM SALE OF ADRIA'S ASSETS. THERE IS SOME URGENCY IN OBTAINING THIS INFORMATION IN VIEW OF PENDING JUDICIAL ACTIONS CONCERNING THIS DISPUTE. IF INFORMATION CANNOT BE OBTAINED DURING PENDING ACTIONS, FURTHER JUDICIAL ACTION TO OBTAIN REDRESS MAY NOT BE POSSIBLE.

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3. ON BASIS OF INFORMATION SUPPLIED BY CGSH, IT APPEARS

THAT THERE IS REASONABLE BASIS FOR BELIEVING THAT DISCRIMINATION AGAINST FOREIGN CREDITORS - PRIMARILY US-OWNED OMBESA - OCCURRED IN THIS CASE. JUDICIAL PROCESS AND

OTHER ACTIONS LEADING TO BANKRUPTCY PROCEEDINGS APPEAR TO HAVE FAVORED YUGOSLAV CREDITORS AT EXPENSE OF INTERESTS OF FOREIGN CREDITORS IN MANNER WHICH SEEMS INCONSISTENT WITH YUGOSLAV LAW AND INTERNATIONAL COMMERCIAL PRACTICE.

4. IN VIEW OF THE APPARENT DISCRIMINATION AGAINST OMBESA, EMBASSY IS ASKED TO BRING THIS CASE TO THE ATTENTION OF THE APPROPRIATE YUGOSLAV AUTHORITIES AND TO ATTEMPT TO INDUCE THEM TO HAVE THE REQUESTED INFORMATION MADE AVAILABLE TO OMBESA. EMBASSY SHOULD USE ITS DISCRETION IN DETERMINING THE APPROPRIATE LEVEL AND INSTITUTION (FOREIGN TRADE MINISTRY, FEDERAL CHAMBER OF COMMERCE, ETC.) WHICH SHOULD BE APPROACHED. EMBASSY MAY POINT OUT THAT APPARENT DISCRIMINATION IN THIS CASE REFLECTS UNFAVORABLY ON YUGOSLAV IMAGE AND UNDERMINES MUTUAL TRUST IN COMMERCIAL PRACTICES WHICH PROVIDES THE BASIS FOR CONTINUING EXPANSION OF OUR BILATERAL ECONOMIC RELATIONS.

5. CGSH IS ADVISING WEBSTER OF ITS BRUSSELS OFFICE THAT DEPARTMENT IS REQUESTING EMBASSY TO APPROACH YUGOSLAV AUTHORITIES ON THIS ISSUE. WEBSTER WILL BE IN TOUCH WITH WALLER TO SUPPLY ANY ADDITIONAL INFORMATION WHICH MAY BE NEEDED. INGERSOLL

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